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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

August 22, 2007

The Honorable, Robert Blendu, Chair
Joint Legislative Audit Committee

The Honorable John Nelson, Vice Chair
Joint Legislative Audit Committee

Dear Senator Blendu and Representative Nelson:

Our Office has recently completed an 18-month followup of the Department of Economic Security—Division of Developmental Disabilities, regarding the implementation status of the 14 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in September 2005 (Auditor General Report No. 05-07). As the attached grid indicates:

- 10 have been implemented, and
- 4 are in the process of being implemented.

Our Office will continue to follow up at 6-month intervals with the Department on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Melanie M. Chesney, Director
Performance Audit Division

MMC:Sjb
Attachment

cc: Tracy Wareing, Director
Department of Economic Security

**DEPARTMENT OF ECONOMIC SECURITY
DIVISION OF DEVELOPMENTAL DISABILITIES
18-Month Follow-Up Report To
Auditor General Report No. 05-07**

FINDING 1: Division developed appropriate model for setting provider rates

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The Division should continue its efforts to establish benchmark rates for therapy and employment-related services.	Implementation in Process	The Division published rates for employment-related services in November 2005. However, it has not yet published benchmark rates for therapy services. To develop rates for therapy services, a division consultant conducted rate-setting focus groups and modified the model for setting the rates. The Division published inflationary increases for therapy service rates in January and July 2006 but has not yet published the benchmark rates. According to the Division, funding is not available to implement the benchmark rates and it is analyzing its resources to determine the time frame for implementation.

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FINDING 2: Division can improve availability of therapy services

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. To ensure its waiting list accurately measures service needs, the Division should:		
a. Regularly audit the list for accuracy; and	Implemented at 12 Months	
b. Take appropriate steps to ensure support coordinators add and remove individuals from the list in a timely manner.	Implemented at 12 Months	
2. To address outdated rates paid to therapists, the Division should:		
a. Include in its study of therapy rates the costs of providing services, including administrative costs associated with complying with third-party liability and other requirements;	Implemented at 18 Months	
b. Adopt appropriate rates based on its study; and	Implementation in Process	The Division completed a study of therapy rates in 2006, but has not adopted the new rates because funding is not available to implement them.
c. If necessary, identify funding to pay increased rates.	Implementation in Process	According to the Division, it is analyzing its resources to determine the timeframe in which the benchmark rates can be implemented.

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FINDING 2: Division can improve availability of therapy services (cont'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
3. To help alleviate problems related to administrative requirements, the Division should:		
a. Assess provider interest in a training program related to complying with administrative requirements, such as third-party liability;	Implemented at 6 Months	
b. Based on the results of that assessment, determine whether to develop and provide a training program for providers;	Implemented at 6 Months	
c. Consider publishing a document for providers with information on division requirements, systems, and processes, and where they can obtain additional information. This might include administrative information such as billing requirements, third-party liability issues, and service-related issues such as the availability of community centers or other venues outside the home where services might be provided.	Implemented at 6 Months	

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FINDING 2: Division can improve availability of therapy services (concl'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
4. To reduce confusion and the possible dissemination of misinformation, the Division should examine its practices for responding to provider questions, and consider providing additional training and guidance to staff regarding common provider issues such as third-party billing, or designating specific, knowledgeable staff members to respond to providers' questions.	Implemented at 6 Months	
5. To help alleviate service scheduling problems, the Division should complete system improvements to the qualified vendor system that would allow individuals with disabilities, their families, and support coordinators to more readily access available providers and providers to indicate through the Internet the days and times when they provide services.	Implementation in Process	The Division assessed the possibility of installing scheduling software on its Web site. However, the Division reported that the cost and efficacy of this software was not feasible. The Division is exploring alternative ways to provide therapist schedule information to families.

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FINDING 3: Division should improve billing practices

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. To better ensure it identifies in a timely manner individuals who must pay for all or part of the cost of their services, the Division should:		
a. Develop a process for first matching records of individuals receiving services that could be subject to billing – specifically, residential, institutional, and skilled nursing facility – with records maintained by the Department’s Office of Accounts Receivable and Collections (OARC) to identify unbilled individuals, and then researching individual cases to determine whether they should be billed.	Implemented at 6 Months	
b. Develop a process to systematically obtain information regarding Social Security benefits for its individuals receiving services. To do this, the Division should consider working with the Division of Benefits and Medical Eligibility as well as OARC to standardize its process with other department processes for obtaining benefits information from the Social Security Administration.	Implemented at 6 Months	

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FINDING 3: Division should improve billing practices (concl'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
2. To better ensure its billing amounts are accurate, the Division should correct its procedures for determining the total amount due in the fee-for-service category to capture services provided in a previous month but reported later by providers.	Implemented at 12 Months	